

Section 1

- a) Agencies shall fully implement projects with a pay back of 10 years or less
- b) The Federal Government will enter into a minimum of \$2 billion in performance-based contracts in Federal building energy efficiency within 24 months (*December 31, 2013*)
- c) Agencies are encouraged to use a installation wide/portfolio approach that combines long and short term projects to maximize efficiency and ROI

Performance-based contract: A contract that identifies expected deliverables, performance measures, or outcomes, and makes payment contingent on their successful achievement...Performance-based contracts, which include ESPCs, can be performed by any qualified contractor, including utilities.

OMB's Position on UESCs and Memo

UESC contracts will count toward memo provided contracts have contractor performance requirements including:

1. Performance assurances or guarantees
2. M&V of savings through commissioning or retro-commissioning
3. Requiring competition or an alternatives analysis

This is consistent with FEMP's "Best Practices"

UESC Performance Assurance Plan

The minimal performance assurance plan recommended by the Federal Energy Management Program for alternatively financed UESC energy conservation measures is:

- Establish baseline pre-installation
- Start-up performance verification (based on measured data) prior to acceptance
- Performance verification at the end of warranty period (based on measured data)
- Operations and maintenance training (required in the more common instance where the agency continues to operate and maintain installed equipment)
- Provision of continuing training throughout the contact period as specified in the contract as determined by the needs of the facility
- Periodic inspections and verification of appropriate O&M performance.
- Performance discrepancy resolution